



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 5, 2011 REPORT NO:
 ATTENTION: City Council
 SUBJECT: Proposed 2011 Legislative Program

SUMMARY:

The Intergovernmental Relations Department (IRD) is charged with developing the City's draft annual legislative program for approval by the City Council. The legislative program is the City's proactive list of legislative, budgetary or regulatory priorities for the upcoming year in both Sacramento and Washington D.C.

BACKGROUND:

As was the case the last four legislative efforts, specific criteria were used as a guide in establishing the City's 2011 legislative priorities:

1. Does the proposal provide significant revenues or funding opportunities to the City?
2. Does the proposal provide significant cost savings if enacted?
3. Does the proposal enhance public safety?
4. Does the proposal provide the City with greater ability or flexibility to provide municipal services to its citizens?

DISCUSSION:

Despite the fact that the state continued to wrestle with its budget situation, the 2010 state and federal efforts can still be classified as successful. During the 2010 legislative session, the City carried six bills and saw five of them signed into law. IRD was able to secure passage of AB 2294, allowing the City to require driver's licenses for pedicab operators. The City also saw the passage of AB 2510 which removes legislative barriers that prevented the City from moving members of POA and unclassified employees to CalPERS for retiree health. This would allow for substantial savings in retiree health costs for these two groups of employees.

IRD also sponsored and saw signed into law two critical stormwater bills on behalf of the City San Diego. SB 346, authored by Senator Christine Kehoe, phases out copper brake pads which is critical to allow the City to meet its TMDL requirements for copper. AB 2567 allows cameras to be mounted on street sweepers to enforce parking provisions and enables street sweepers to better clean up stormwater waste.

The last bill that was signed into law was a whistleblower bill requested by the City Attorney's Office. AB 1666 specified that the state's confidentiality rules do not prohibit an auditor or controller from providing a substantiated audit report to an appropriate authority for disciplinary purposes.

The only bill that was not signed into law was a piece of legislation that would have required the Port of San Diego to give up a greater portion of revenues produced by maritime activities to mitigate impacts caused by maritime activities. A compromise was reached with the Port that negated the need for the legislation.

At the ballot, IRD partnered with League of Cities and the Big Ten in support of Proposition 22 to prevent future state raids of local funds. The Mayor and Council President Young, in particular, were extremely aggressive in advocating for Prop 22.

At the federal level, IRD was able to secure over \$1.3 million in funding for a number of projects which help departments perform their responsibilities and deliver services to our citizens. The funding is dedicated to the acquisition of equipment to enhance technology capabilities of the Police Crime Lab; partial funding for a feasibility study for the City's four-reservoir water supply intertie; construction costs for relocation of fiber optic cable necessary to advance a major interstate highway interchange improvement project; and book and technology acquisition at Skyline Hills Branch Library.

In addition to the direct funding to the City, IRD also saw success in supporting regional funding priorities in the federal budget. Those included \$2.33 million in military construction funding for the Point Loma Naval Marine Mammal Surgical Suite; and \$2 million for the San Diego Area Water Reclamation Program.

IRD's efforts on the border proved particularly successful.

- In the Tijuana River Valley, the City was awarded \$700,000 from the State Water Resources Control Board for restoration and \$250,000 from the California Coastal Conservancy for reclamation in the Nelson Sloan Quarry. We also worked closely with the Army Corp of Engineers to obtain the necessary permits to conduct flood control de-sedimentation activities.
- The Cross Border Facility received a presidential permit on August 3, 2010.
- Caltrans awarded the City \$150,000 to study the feasibility of an Intermodal Transportation Facility at the San Ysidro border crossing. Additionally, SANDAG plans to include \$15M in the next Regional Transportation Plan (RTP) for planning and design of the San Ysidro Intermodal Center. The RTP considers all sources of projected revenues (i.e. federal, state and TransNet) and identifies priority projects for funding.

- The Route 11/ Otay Mesa East Port of Entry Project received \$75 million from the Proposition 1B Trade Corridor Improvement Fund, \$13 million dollars from the State Transportation Improvement Program, and \$800,000 from the federal government.
- The six lane SR-905 project will connect vital interstate routes to move people and goods across the border. This \$619 million highway project received \$74.5 million in Recovery Act Funds, \$2.13 million in Federal Demonstration Funds, and \$260,000 from SANDAG.

IRD was also able to secure additional funding for two sustainability grants offered through the California Strategic Growth Council's Prop 84 (the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection bond Act of 2006) Program. Through the Prop 84 Urban Greening Planning Program, \$250,000 was awarded for an urban greening plan in City Heights to create a system green streets that link existing, planned and proposed community facilities, parks, and trails in adjacent canyons. In addition, through the Sustainable Communities Planning Grant Program, \$1,000,000 was awarded for a comprehensive update of the Southeastern San Diego Community Plan update.

California's Housing and Community Development Department (HCD) designated 13 communities to be part of a Catalyst Projects for California Sustainable Strategies Pilot Program. Projects that received the designation demonstrate a commitment to testing and evaluating innovative strategies designed to increase housing supply and affordability; improve jobs and housing relationships; stimulate job creation and retention; enhance transportation modal choices; preserve open space and agricultural resources; promote public health; eliminate toxic threats; address blighted properties; reduce green house gas emissions and increase energy conservation and independence. At least one project was designated per Metropolitan Planning Region, with the City of San Diego as the only city in California to receive two designations: a Gold Catalyst Designation for the Village at Market Creek and a Bronze Catalyst Designation for Civitas (formerly known as Quarry Falls).

Designated Catalyst Projects will receive targeted technical assistance from teams of State Agencies and additional consideration (e.g. bonus points) when applying for specific State funding programs, including CalTrans' Community Based Transportation Planning Grants. Additionally, the Village at Market Creek will receive \$1,000,000 in Affordable Housing Innovation (AHI) Program funding.

Also, in December, the City was notified that we would receive a Gang Reduction, Intervention and Prevention grant (CalGRIP) funding for gang prevention initiatives in the amount of \$369,000.

Looking Ahead

The City will continue to battle budget challenges at the state level in 2011. Newly elected Governor Jerry Brown will release his budget on January 10, at which time we will have a better idea of the potential impacts to city coffers. While Proposition 22 will prevent much of the state raids and borrowing schemes of the past, efforts could be directed towards program realignment

or elimination and reduced funding to local jurisdictions. IRD will continue to work with our local legislators, the League of Cities and the Big Ten to protect critical funding and prevent unfunded mandates. Further, legal professionals continue to review both Propositions 22 and 26 to determine the impacts to the state and local jurisdictions.

Cuts to domestic funding are also expected at the federal level, potentially up to \$100 billion. Targeted funding decreases could include homeland security, public safety, education and community development. Further, debate over earmarks will continue in early 2011. A voluntary earmark moratorium has been implemented in the Senate and the House will likely enact a formal ban in January. Reforms will begin to evolve and the definition of earmarks will continue be deliberated. While this unfolds, IRD will work to defend local funding sources and seek alternative funding via competitive and discretionary opportunities.

The Intergovernmental Relations Department recommends the City Council consider the following proposals and adopt them as the City's 2011 Legislative Program.

2011 LEGISLATIVE AND ADMINISTRATIVE SPONSORSHIP PRIORITIES

Storm Water Pollution Prevention

The City is required to comply with federal and state storm water pollution prevention mandates. In order to accomplish these requirements, the City needs to: a) develop a sustainable revenue source for the storm water pollution prevention program; b) remain in compliance with storm water regulations (many water bodies in the City are identified as an impaired water body, and to meet expected TMDL requirements for copper, lead, zinc and bacteria will have a considerable financial impact to the City, and anticipated impacts to the Chollas Creek surrounding communities.); c) maximize the City's ability to win grants from existing funding programs; d) influence the development of legislation, regulations, and policies so that they are scientifically sound, enforceable and attainable; and e) continue to work with the Copermittees in defending the recent Unfunded Mandate claim for regulations over and above what is required by the Federal Clean Water Act.

Proposed Solutions:

1. Seek state and federal funding for storm water pollution prevention programs and City CIP.
2. Seek federal legislation to create a trash cleanup fund for border regions.
3. Continue to work with Army Corps of Engineers and other appropriate state and federal agencies to secure funding and improvements to the Tijuana River Valley.

Water Reliability

As the provider of safe drinking water to San Diegans, it is a continued priority to ensure the adequate availability of safe drinking water. While the City of San Diego will continue to work with the San Diego County Water Authority, our regional water partner, there are actions that the City can pursue at the state and federal level to better manage and develop water supplies within the region and also to increase water supplies available from outside the region.

Additionally, the State's regional boards are inconsistent in their application of reuse standards/regulations thereby creating regulatory obstacles. Where feasible, the City should pursue legislative and administrative actions to help decrease the regulatory costs associated with infrastructure projects.

Proposed Solutions:

1. With the success of the authorization and partial federal funding for the four reservoir intertie feasibility study, continuing to seek funding of that study shall be a priority for the City. The project, once constructed, will provide San Diego with a better ability to manage its surface storage capacity, enabling raw water to be transferred within the system to improve efficiencies.
2. Support legislative efforts, related to the previously passed water package, to provide additional benefit or opportunities for the City from regulations or funding categories previously adopted.
3. Support state legislation or regulation to establish a program for reclaimed water retrofit costs.
4. Support legislation to permit an exchange of specific parcels between the City's Public Utilities Department/Water Fund and the Cleveland National Forest for the purpose of resolving confusing ownerships and uses between the two agencies.

Transportation, Airport and Border Funding

At the federal level, 2011 promises to be a unique opportunity to secure major transportation infrastructure dollars for the City of San Diego. The federal government delayed again in 2010 a new transportation reauthorization. It is projected that will begin discussion of their next Transportation Reauthorization, revamp their Airport Reauthorization and potentially pursue major rail legislation. IRD has already opened discussions with SANDAG to strategize how best to ensure our fair share of these dollars.

As noted earlier, the City strives to reduce the economic impact of border wait times and protect and enhance the binational region's global competitiveness while maintaining secure and efficient ports of entry. As a result of the region's success in securing border project funding, the City and SANDAG are poised to launch several major projects within the border zone.

Proposed Solutions:

1. Support Transit, Highway and Rail Funding in the transportation reauthorization.
2. Support state and federal funding for transit operations.
3. Support rail and high-speed rail money for the San Diego region including funds for grade separations.
4. Support federal legislation to allow CEQA Environmental Impact Reports to serve in place of NEPA EIR's for federal projects.
5. Seek federal funding for the State of California's Goods Movement Action Plan.
6. Advocate for further rounds of funding from the Department of Transportation's Transportation Investment Generating Economic Recovery (TIGER) Program with criteria that maximizes our regional competitiveness.

7. Continued advocacy on border projects: Cross Border Facility, San Ysidro Port of Entry expansion, Otay Mesa II Port of Entry and seek additional funding for expansion of Otay Mesa I Port of Entry.

San Diego Fire Protection

While significant progress has been made, fire fighting capabilities have been underfunded for some time compared to the population growth local governments across California have experienced.

Additionally, while brush management is not a silver bullet to fight wildfires, it does help by decreasing fuel loads and providing more defensible space.

Proposed Solutions:

1. Seek state and federal funding for local and regional firefighting equipment.
2. Support legislation that would enable insurance fees to be levied to enhance fire protection.
3. Continue to seek brush management funding at the federal level.

Budget and Infrastructure Proposals

In November voters passed Proposition 26 which changes what can be defined as a tax and fee under Proposition 218. It is anticipated that there will be a large number of clarification bills addressing Prop. 26. The City will also pursue administrative and legislative remedies that could help with the local reform.

1. Seek Federal support for local infrastructure projects and enhanced public safety.
2. Support legislation which provides tax breaks and incentives for local government bonding, as well as supporting other federal mechanisms to relieve local government fiscal distress.
3. Seek clarification language that exempts Tourism Marketing Districts and other Business Improvement Districts from Prop. 26.
4. Support legislation to enable any future pension or retiree healthcare proposals developed by the City of San Diego where state or federal regulations may impede reform.

Economic Development

The City of San Diego has state and federal business incentive programs of which two will require the city's attention in 2011 to ensure these programs continue to provide economic benefit to San Diego companies. The first incentive program is the Renewal Community (RC). This provides federal income tax incentives for investment in older neighborhoods with small business properties, making the business community a key partner in inner city revitalization. The designation has had a positive impact in stimulating new investment and job creation in areas that have historically experienced disinvestment and blight. The RC program expired Dec. 31, 2009 and Congress has yet to extend the RC program for another year. Additionally, a key neighborhood that was included in the City's application for RC designation was disqualified for a technical reason. The census tracts were excluded because they were separated from the rest of the RC by a small gap, violating the RC's requirement of having a "continuous boundary."

The second incentive program is the Enterprise Zone (EZ). The EZ program provides state income tax incentives to stimulate private investments in older neighborhoods and helps create job opportunities by targeting disadvantaged individuals. This program has made a significant impact to the City over the years by stimulating revitalization efforts in disadvantaged neighborhoods and creating thousands of jobs for EZ residents. Governor Jerry Brown has indicated that he will target the elimination of business tax breaks including the EZ program.

An additional avenue to spur economic development and jobs would be to seek funding and legislation which supports the City's burgeoning clean tech industry. In particular, the City should seek to foster the economic sector that will be generated by the City's Property Assessed Clean Energy Program.

Proposed Solutions:

1. Support federal legislation to reinstate the RC program retroactively to Jan. 1, 2010 and amend the definition of "continuous boundary" to permit HUD to include census tracts that are adjacent to each other, rather than continuous.
2. Join efforts to protect the EZ program from elimination. Support efforts that will enhance the program including, but not limited to, legislation to reform the program that will support local economic development efforts.
3. Seek federal funding for regional economic cluster planning to aid economic development within the City of San Diego.
4. Support legislation that would site a clean energy research headquarters here in San Diego.
5. Seek funding for the City of San Diego and other partner public agencies that could be used for clean energy projects, smart grid and energy efficiency.
6. Support federal legislation that would remove barriers that prohibit local governments from moving forward on Property Assessed Clean Energy Programs like the City's Clean Generation Program.
7. Support state legislation that would lower thresholds for local sales tax incentive programs for recruitment or retention of manufacturing.
8. Support legislation at the state and federal level which would provide direct incentives and/or ease barriers for private funding for companies and other entities engaged in bio-fuel research, development, and commercialization.
9. Support state and federal funding and policy support for youth employment programs.
10. Support federal legislation for allocations to the Recovery Zone Facility Bond Reallocation Pool.

Housing and Community Development

IRD hopes to build on recent success in securing planning and housing money by partnering with the Redevelopment Agency, the Housing Commission and SANDAG to undertake several housing and sustainable planning initiatives.

Proposed Solutions:

1. Advocate for future rounds of federal Sustainable Communities Planning Grants and other state or federal grants that support smart growth planning.

2. Preserve Community Development Block Grant (CDBG) funding levels and advocate for levels that adequately address the needs of San Diego.
3. Seek additional state and federal funding for foreclosure assistance (i.e., Neighborhood Stabilization Program), homeless services, veterans housing and other affordable housing projects.
4. Ensure federal poverty criteria proportionally reflect San Diego as a high cost/high income area.

Homeland Security Funding/Eligibility for UASI Program

Since January 2007, the Department of Homeland Security has consistently included San Diego as an urban area eligible to apply for Urban Area Security Initiative funding.

Proposed Solution:

1. Continue efforts to ensure San Diego remains on the high risk urban area list and eligible for the UASI program. Efforts may include working directly with the Department of Homeland Security to ensure data collection and risk assessment methodology that benefits San Diego or potential federal legislation which substantially increases the region's likelihood of remaining eligible.
2. Advocate for stable or increased funding of the UASI program.

Public Safety and Gang Prevention

Criminal gang activity continues to be a persistent problem throughout the City of San Diego and the nation. Numerous attempts at establishing funding programs and crafting legislation to proactively address gang involvement as well as suppression activities have been introduced and enacted at both the state and federal level.


Proposed Solution:

1. IRD, in close cooperation with the Commission on Gang Prevention and Intervention, will pursue legislative and budgetary opportunities for the City to continue and/or expand its current prevention and intervention activities. IRD will also continue to assist in the pursuit of grant funds from existing and newly created opportunities at both the state and federal government.
2. Continue efforts to at least maintain, if not increase, Department of Justice funding for police related grant opportunities (both formulaic and discretionary).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:



Originating Department
Jaymie Bradford



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